

DAVID SCOTT  
13TH DISTRICT, GEORGIA

COMMITTEE ON AGRICULTURE

COMMITTEE ON FINANCIAL SERVICES

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1013

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OFFICE OF THE SECRETARY  
FEDERAL MARITIME COMM

417 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-1013  
PHONE (202) 225-2939  
FAX (202) 225-4628

173 NORTH MAIN STREET  
JONESBORO, GA 30236  
PHONE (770) 210-5073  
FAX (770) 210-5673

www.house.gov/davidscott  
David.Scott@mail.house.gov

October 22, 2003

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Mr. Bryant VanBrakle  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, D.C. 20573

Dear Commissioners:

I understand that the National Customs Brokers and Forwarders Association of America has requested that the Federal Maritime Commission exempt non-vessel operating common carriers (NVOCCs) from being required to establish, maintain and enforce rate tariffs with their customers. In view of the changes in the ocean shipping marketplace that have occurred since the enactment of the Ocean Shipping Reform Act (OSRA) of 1998, I support the NCBFAA's petition and urge the FMC to favorably consider that request.

During consideration of the Ocean Shipping Reform Act (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers.

It is my understanding that the U.S. ocean shipping industry has changed dramatically since passage of OSRA. There has been consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. These remaining carriers have created vertically integrated logistics companies that now compete with NVOCCs. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not contemplate how fast or how smoothly the market could adapt to these changes. Due to these recent developments within the ocean shipping marketplace, the regulatory scheme governing NVOCCs should be reviewed to adapt to the current business models.

Finally, I am also aware of several petitions filed by various NVOCCs seeking an exemption that would permit them to enter into confidential ocean service contracts with their customers. While I believe that each of those petitions should be judged on its own merits, I see no reason for the Commission to establish an arbitrary size of asset test as a basis for issuing such exemptions.

In closing, **OSRA** provided the FMC with the tools necessary to oversee the transition of ocean shipping from being overly regulated to an efficient, market-driven industry. I believe that the Commission should exercise its authority in this area and should render an equitable and appropriate decision based upon the merits of the various petitions that are pending.

Sincerely,

A handwritten signature in black ink that reads "David Scott". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

David Scott  
Member of Congress

DS:ma